

SBC's provision of interLATA services originating in Illinois, Indiana, Ohio, and Wisconsin satisfies this requirement. As this Commission has previously recognized, "compliance with the competitive checklist is itself a strong indicator that long distance entry is consistent with the public interest. This approach reflects the Commission's years of experience with the consumer benefits that flow from competition in telecommunications markets." Kansas/Oklahoma Order ¶ 266. The Commission has recognized that "BOC entry into the long distance market will benefit consumers and competition if the relevant local exchange market is open to competition consistent with the competitive checklist." Georgia/Louisiana Order ¶ 281.<sup>183</sup>

As has occurred in every other state where section 271 relief has been granted, SBC's long-distance entry in the applicant states will stimulate both long-distance and local competition. Indeed, the consistent evidence of consumer savings where section 271 relief has been granted indicates that consumers in Illinois, Indiana, Ohio, and Wisconsin will likely save hundreds of millions of dollars. According to an empirical study that examined the experience of consumers in the long-distance telecommunications markets in New York and Texas, the

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<sup>183</sup> Although this Commission has determined that its responsibility under the public-interest standard is broader than an assessment whether BOC entry would enhance competition in the long-distance market, see, e.g., Michigan Order ¶ 386, that position has never been reviewed on appeal and is, frankly, inconsistent with the plain text of the statute. The question under the statute is whether "the requested authorization is consistent with the public interest, convenience, and necessity." 47 U.S.C. § 271(d)(3)(C) (emphasis added). The "requested authorization" is obviously for permission to enter the long-distance market. This reading also finds strong support in section 271(c)(2)(B), which sets forth the competitive checklist, and section 271(d)(4), which states that "[t]he Commission may not . . . extend the terms used in the competitive checklist." It is implausible that Congress would have established the checklist and prevented the Commission from expanding upon it while nevertheless authorizing the Commission to add further local competition-related requirements in the context of its public-interest review. While SBC certainly believes that it has satisfied the Commission's broader understanding of its public-interest authority under section 271, it does not waive its objections to the Commission's expansive reading of its public-interest authority.

average consumer received a savings of eight to 11 percent on the monthly interLATA bill in states where BOC entry occurred as compared to those states where BOC entry had not yet occurred. In addition, the authors of the study found statistically significant evidence that CLECs have a substantially higher cumulative share of the local exchange market in states where BOC entry has occurred.<sup>184</sup> Another study concluded that “[b]enefits likely to accrue to consumers from local carriers providing in-region, long-distance service range from approximately \$500 million to \$720 million per year for a representative state, \$1.9 to \$2.7 billion for an example of an operating company regional service area, and \$2.8 to \$8.9 billion nationwide.”<sup>185</sup>

**A. Consumers Clearly Benefit from Bell Company Entry into the In-Region, InterLATA Market**

Section 271 approval vastly accelerates both long-distance and local competition.

Chairman Powell has recognized “a correlation between the process for approving applications

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<sup>184</sup> Jerry A. Hausman et al., Does Bell Company Entry into Long-Distance Telecommunications Benefit Consumers?, 70 Antitrust L.J. 463, 464 (2002) (“Does BOC Entry Benefit Consumers?”); see also Jerry A. Hausman et al., The Consumer-Welfare Benefits from Bell Company Entry into Long-Distance Telecommunications: Empirical Evidence from New York and Texas 3 (Jan. 9, 2002), at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=289851](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=289851); see also Paul W. MacAvoy & Michael A. Williams, Deregulation of Entry in Long-Distance Telecommunications 77 (2002) (“Based on our finding that long-distance price-cost margins are not now competitive, we expect substantial consumer gains from entry of local exchange companies into long-distance service markets”).

<sup>185</sup> MacAvoy & Williams, supra note 184, at 77; id. at 78 (“Such results are likely because of the unique position of the operating company on entering the interexchange market. This carrier will have facilities in place to deliver long-distance services between local calling areas because it provides that service within all local calling areas. . . . In addition, and as important, the operating company has for decades provided local service to potential long-distance customers, so that the company brand name is familiar and, in some cases, as highly regarded as those of the long-distance carriers.”).

and growing robustness in the markets.”<sup>186</sup> There is every reason to believe that this correlation will continue in Illinois, Indiana, Ohio, and Wisconsin.<sup>187</sup>

SBC’s entry into long-distance markets in the applicant states, like that of the other BOCs, is particularly pro-competitive because it will give consumers an attractive alternative single source (and bill) for local and long-distance services, placing significant pressure on the competition to provide lower prices, enhanced services, and greater quality. As should be expected, SBC’s entry into the long-distance market in Illinois, Indiana, Ohio, and Wisconsin will stimulate substantial savings for consumers. As a recent study by MIT Professor Jerry A. Hausman concludes, in the first year after a BOC enters the long-distance market, consumers in that state experience long-distance savings of at least ten to 20 percent.<sup>188</sup>

With simpler long-distance rates and the convenience of one all-inclusive telephone bill, the 271-approved BOCs have attracted an unexpectedly high number of customers. After only six months in Texas, SBC had 1.7 million long-distance lines; after only nine months, that

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<sup>186</sup> See Rodney L. Pringle, Powell Says Innovation Will Drive Telecom Upswing, Communications Today, June 6, 2001 (internal quotation marks omitted).

<sup>187</sup> See Does BOC Entry Benefit Consumers?, *supra* note 184, at 482 (The results from New York and Texas “provide useful information for regulators who will examine the issue of whether the BOCs should receive Section 271 approvals in other states. The results suggest that consumers will benefit from lower long-distance bills following BOC entry.”). Consumers in New York alone have saved up to \$700 million a year as a result of greater competition. See Telecommunications Research & Action Center, 15 Months After 271 Relief: A Study of Telephone Competition in New York 8-9 (Apr. 25, 2001) (“15 Months After 271 Relief in New York”) (“An average consumer that switched to Verizon for long-distance service will save between \$3.67 and \$13.94 a month . . . . [P]hone competition has brought up to \$700 million of savings to New York consumers.”).

<sup>188</sup> See Jerry A. Hausman, Effect of BOC Entry into InterLATA and IntraLATA Service in New York and Texas, at [http://www.iacompetition.org/html/full\\_hausman.html](http://www.iacompetition.org/html/full_hausman.html) (visited July 16, 2003); see also Does BOC Entry Benefit Consumers?, *supra* note 184.

number had grown to 2.1 million lines.<sup>189</sup> Thirty-three months after entry in Texas, twenty-five months after entry in Oklahoma and Kansas, sixteen months after entry in Arkansas and Missouri, and only four months after entry into California, SBC had a total of 7.6 million long-distance lines in service in those states.<sup>190</sup> In fact, only four months after long-distance entry, SBC reached 13-percent retail-line penetration in California.<sup>191</sup>

BOCs, however, have not been alone in alluring long-distance customers. In fact, BOC entry into the long-distance market has repeatedly compelled incumbent long-distance carriers to initiate special, lower-priced service offerings for customers. In Kansas and Oklahoma, AT&T responded to SBC's entry by providing 30 free minutes of long-distance calling to its customers in those states.<sup>192</sup> AT&T has since made the same offer to its customers in Massachusetts, Pennsylvania, Missouri, Arkansas, Georgia, Louisiana, Rhode Island, Vermont, Maine, New Jersey, Alabama, Kentucky, Mississippi, North Carolina, South Carolina, New Hampshire, Delaware, Virginia, Florida, Tennessee, California, Colorado, Idaho, Iowa, Montana, Nebraska, North Dakota, Utah, Washington, Wyoming, Florida, Tennessee, Maryland, Washington, D.C.,

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<sup>189</sup> See Michael J. Balhoff et al., Legg Mason – Equity Research, Section 271 Relief: Bells Race IXCs/Each Other for New Markets/Revenues, Table 4 (June 24, 2001).

<sup>190</sup> See SBC Communications Inc., Investor Briefing 7 (Apr. 24, 2003) (“SBC Apr. 24, 2003 Investor Briefing”), at [http://www.sbc.com/Investor/Financial/Earning\\_Info/docs/1Q\\_03\\_IB\\_FINAL.pdf](http://www.sbc.com/Investor/Financial/Earning_Info/docs/1Q_03_IB_FINAL.pdf). Only twenty-four months after entry in Texas, 16 months after entry in Oklahoma and Kansas, and seven months after entry in Arkansas and Missouri, SBC had a total of 5.6 million long-distance lines in service. See SBC Communications Inc., Investor Briefing 6 (Aug. 13, 2002), at [http://www.sbc.com/Investor/Financial/Earning\\_Info/docs/4Q\\_02\\_IB\\_FINAL.pdf](http://www.sbc.com/Investor/Financial/Earning_Info/docs/4Q_02_IB_FINAL.pdf).

<sup>191</sup> See SBC Apr. 24, 2003 Investor Briefing 7.

<sup>192</sup> See AT&T Press Release, AT&T Long Distance Customers in Kansas Get the Message: Thanks for Your Loyalty (Mar. 5, 2001); see also AT&T Press Release, AT&T Long Distance Customers in Oklahoma Get the Message: Thanks for Your Loyalty (Mar. 5, 2001).

West Virginia, Nevada, and Minnesota shortly before the Commission authorized the BOC's long-distance entry in those states.<sup>193</sup>

BOC entry into long-distance markets has invigorated competition in local markets as well. As it has repeatedly done in other states, in anticipation of SBC's application to provide

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<sup>193</sup> See AT&T Press Release, Bay State AT&T Long Distance Customers Get the Message: Thanks for Your Loyalty (May 14, 2001); AT&T Press Release, AT&T to Keystone State Long Distance Customers: Thanks for Your Loyalty (Aug. 14, 2001); AT&T Press Release, AT&T to Missouri Customers: Show Me the Minutes (Oct. 22, 2001); AT&T Press Release, AT&T Long Distance Customers in Arkansas Get the Message: Thanks for Your Loyalty (Oct. 22, 2001); AT&T Press Release, AT&T Long Distance Customers in Georgia Get the Message: Georgia's on Our Mind (Dec. 5, 2001); AT&T Press Release, AT&T Long Distance Customers in Louisiana Get the Message: Thanks for Your Loyalty (Dec. 5, 2001); AT&T Press Release, AT&T Long Distance Customers in the Ocean State Get the Message: Thanks for Your Loyalty (Feb. 19, 2002); AT&T Press Release, AT&T Long Distance Customers in the Green Mountain State Get the Message: Thanks for Your Loyalty (Apr. 15, 2002); AT&T Press Release, AT&T Long Distance Customers in the Pine Tree State Get the Message: Thanks for Your Loyalty (June 18, 2002); AT&T Press Release, AT&T Long Distance Customers in the Garden State Get the Message: Thanks for Your Loyalty (June 3, 2002); AT&T Press Release, AT&T Long Distance Customers in Five Southern States Get the Message: Thanks for Your Loyalty (Sept. 18, 2002); AT&T Press Release, AT&T Long Distance Customers in the Granite State Get the Message: Thanks for Your Loyalty (Sept. 25, 2002); AT&T Press Release, AT&T Long Distance Customers in the Diamond State Get the Message: Thanks for Your Loyalty (Sept. 25, 2002); AT&T Press Release, AT&T Long Distance Customers in the Cavalier State Get the Message: Thanks for Your Loyalty (Oct. 30, 2002); AT&T Press Release, AT&T Long Distance Customers in Florida Get the Message: Thanks for Your Loyalty (Dec. 11, 2002); AT&T Press Release, AT&T Long Distance Customers in Tennessee Get the Message: Thanks for Your Loyalty (Dec. 11, 2002); AT&T Press Release, AT&T Long Distance Customers in the Golden State Get the Message: Thanks for Your Loyalty (July 30, 2002); AT&T Press Release, AT&T Long Distance Customers in Twelve States Get the Message: Thanks for Your Loyalty (Dec. 2, 2002); AT&T Press Release, AT&T Long Distance Customers in Maryland and Washington, D.C., Get the Message: Thanks for Your Loyalty (Mar. 19, 2003); AT&T Press Release, AT&T Long Distance Customers in West Virginia Get the Message: Thanks for Your Loyalty (Mar. 19, 2003); AT&T Press Release, AT&T Long Distance Customers in Michigan Get the Message: Thanks for Your Loyalty (Apr. 15, 2003); AT&T Press Release, AT&T Long Distance Customers in Nevada Get the Message: Thanks for Your Loyalty (Apr. 15, 2003); AT&T Press Release, AT&T Long Distance Customers in Minnesota Get the Message: Thanks for Your Loyalty (June 26, 2003).

long-distance services in California, AT&T initiated residential local service in that state.<sup>194</sup> In a similar move, AT&T recently entered the local residential market in Indiana, and re-entered the local residential market in Illinois.<sup>195</sup> Within the past week, AT&T announced that it had entered the Wisconsin market.<sup>196</sup> AT&T also launched a package of unlimited local and long-distance calling in Illinois, Indiana, and Ohio.<sup>197</sup> Meanwhile, WorldCom recently announced the availability of its “The Neighborhood” plan in Illinois, Indiana, Ohio and Wisconsin.<sup>198</sup> The fact that the nation’s two largest long-distance companies already compete widely for both residential and business customers across SBC-Midwest’s region demonstrates that section 271 relief (and the imminence of such relief) spurs competition.

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<sup>194</sup> See AT&T Press Release, AT&T Enters Indiana Residential Local Phone Market (Jan. 27, 2003); see also AT&T Press Release, AT&T Enters California Residential Local Phone Market (Aug. 6, 2002).

<sup>195</sup> See AT&T Press Release, AT&T Resumes Marketing Residential Local Phone Service in Illinois (June 17, 2003).

<sup>196</sup> See AT&T Press Release, AT&T Enters Wisconsin Residential Local Phone Market (July 10, 2003); see also Jason Gertzen, AT&T Enters State Market with \$50 Flat Fee for All Calls; New Package Expected to Drive Prices Lower in Competition with SBC, MCI, Milwaukee Journal Sentinel (July 11, 2003).

<sup>197</sup> See AT&T Press Release, Illinois Residents Among First to be Offered Unlimited Local and Long Distance Calling by AT&T (Apr. 28, 2003); see also AT&T Press Release, Indiana Residents Among First to be Offered Unlimited Local and Long Distance Calling by AT&T (May 19, 2003); AT&T Press Release, Ohio Residents Among First to be Offered Unlimited Local and Long Distance Calling by AT&T (Apr. 28, 2003).

<sup>198</sup> See Mark Watson, MCI Offers Flat-Rate Phone Plan in 32 States; Tennessee, Mississippi Included in New Service, Commercial Appeal (Memphis, Tenn.), Apr. 16, 2002, at B7; see also Liane H. LaBarba & Toby Weber, MCI Fires Back at Bells with Local Service Play, Telephony, Apr. 22, 2002, at 16 (“Regardless of the difficulty in implementing the service, MCI has little choice . . . said Simon Reeves, analyst at Pacific Crest Securities.”).

It is well-established that the long-standing commitment of many state commissions to universal service has resulted in residential rates that are, in many cases, below cost.<sup>199</sup>

Unsurprisingly, CLECs generally have shown little appetite for competing to serve customers at such below-cost rates. Nevertheless, in states where BOCs have received 271 relief – and where the incumbent long-distance carriers have accordingly felt the need to act to preserve their long-distance revenues – competition for residential customers has increased substantially. In fact, AT&T recently boasted that its local phone service, which is offered in eleven states, including California, Georgia, Indiana, Illinois, Maryland, Michigan, New Jersey, New York, Ohio, Texas, and Virginia, had reached three million customers.<sup>200</sup> “Americans clearly want a choice of local phone companies and we’d like to be able to give them that choice everywhere” noted AT&T Consumer Senior Vice President Kevin Crull, adding that AT&T intends “to extend our own facilities into the local network whenever feasible.”<sup>201</sup> Likewise, WorldCom had already amassed 1.5 million residential local customers in several states, including New York,

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<sup>199</sup> See, e.g., The Telecom Act Five Years Later: Is It Promoting Competition?: Hearing Before the Subcomm. on Antitrust, Business Rights, and Competition of the Senate Comm. on the Judiciary, 107th Cong. 6 (May 2, 2001) (“It will be difficult for competitors to ever come into the Texas market, just as it will be difficult to get into the California electricity market, if you can’t sell for the proper price or compete with the proper price which you just bought for ten dollars more. . . . [I]t is important to know that residential rates were purposely subsidized for 80 years.”) (testimony of Pat Wood, Chairman, Texas Public Utility Commission); Public Util. Comm’n of Texas, Report to the 77th Texas Legislature: Scope of Competition in Telecommunications Markets of Texas 85 (Jan. 2001) (to the extent competition is less viable for certain rural and residential customers, that is “rooted in underlying market conditions and in the historical regulatory pricing system for local telephone service”).

<sup>200</sup> See AT&T Press Release, AT&T Now Serves 3 Million Residential Local Service Customers (June 3, 2003).

<sup>201</sup> See *id.*

Pennsylvania, Georgia, Texas, Florida, California, and Michigan, prior to its initiation of “The Neighborhood” plan.<sup>202</sup>

This Commission has recognized that “states with long-distance approval show [the] greatest competitive activity” in local telecommunications.<sup>203</sup> According to the recent empirical study discussed earlier, “CLECs’ cumulative market share increased significantly after BOC entry into interLATA service. Most of the change in CLEC share is attributable to AT&T Local and MCI Local, which have been driven by competition to offer a bundle of local and long-distance services because the BOC can now offer a similar package to residential consumers.”<sup>204</sup>

In sum, BOC 271 entry is a catalyst for increased competition throughout the communications marketplace. There is every reason to expect these same positive and pro-competitive benefits for the consumers of Illinois, Indiana, Ohio, and Wisconsin with the granting of this Joint Application.

**B. Each of the BOC Applicants Is Subject to a Comprehensive Performance Remedy Plan**

The BOC applicants have each implemented a performance remedy plan that will unquestionably “foster post-entry checklist compliance.” Texas Order ¶ 423.

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<sup>202</sup> See C.S. Robinson, U.S. Bancorp Piper Jaffray, Investext Rpt. No. 8478041, WorldCom Inc. – MCI Group – Company Report at \*2 (Apr. 15, 2002).

<sup>203</sup> See FCC News Release, Federal Communications Commission Releases Latest Data on Local Telephone Competition (May 21, 2001).

<sup>204</sup> Does BOC Entry Benefit Consumers?, *supra* note 184, at 479; see also Bruce Roberts, Dresdner Kleinwort Wasserstein, Verizon UNE Regulation Under Review, NJ PUC to Rule on VZ LD 5 (Jan. 8, 2002) (“We also believe that IXC’s are using UNE-P primarily to protect long distance revenues, so the decision to use UNE-P is based primarily on where the RBOCs have gained LD entry rather than on the profitability of providing local service itself.”).



## 1. Illinois

On July 10, 2002, the ICC approved a performance remedy plan for Illinois Bell.<sup>205</sup> The approved plan, known as the “0120 Plan” significantly modified Illinois Bell’s original proposal. See Johnson Aff. ¶ 39. In December 2002, the ICC directed that the “0120 Plan” would remain in effect up to and until the ICC approves a wholesale performance remedy plan for section 271 purposes.<sup>206</sup> The ICC approved a modified remedy plan – the so-called “Compromise Plan” – when it issued its order approving Illinois Bell’s section 271 application. See ICC Final Order ¶ 3558 (“On the entirety of our review and analysis, the Commission concludes that the Compromise Plan meets with, and will serve, the public interest”). Illinois Bell issued an Accessible Letter, informing CLECs of the availability of the new remedy plan.<sup>207</sup> It also filed a tariff incorporating the required changes. See Johnson Aff. ¶ 39.<sup>208</sup>

The ICC-approved performance remedy plan satisfies the five, key characteristics that this Commission has previously identified as probative of whether the plan will ensure a BOC continues to comply with section 271 after the application is granted: (a) the total liability potentially at risk provides a meaningful and significant incentive to comply with the designated performance standards; (b) the plan contains clearly-articulated, predetermined measures and

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<sup>205</sup> See Order, Illinois Bell Telephone Company et al., Petition for Resolution of Disputed Issues Pursuant to Condition (30) of the SBC/Ameritech Merger Order, Docket No. 01-0120 (ICC July 10, 2002) (App. M, Tab 87).

<sup>206</sup> See Order, Illinois Bell Telephone Company, Application for Review of Alternative Regulation Plan, Docket Nos. 98-0252, 98-0335 & 00-0764 (Consol.) (ICC Dec. 30, 2002) (App. M, Tab 113).

<sup>207</sup> See Accessible Letter CLECAM03-188 (May 27, 2003) (App. I, Tab 41).

<sup>208</sup> See I.C.C. Tariff No. 20, Part 2, Section 11.1.D.

standards encompassing a range of carrier-to-carrier performance; (c) the structure of the plan is designed to detect and sanction poor performance when it occurs; (d) the plan includes a self-executing mechanism that does not leave the door open unreasonably to litigation and appeal; and (e) the plan contains reasonable assurances that the reported data are accurate. Texas Order ¶¶ 423-429.<sup>209</sup> In light of these criteria, Illinois Bell's plan is at least as strong, if not more so, than those previously submitted in support of SBC's section 271 applications approved by this Commission in Arkansas, Kansas, Missouri, Oklahoma and Texas. See Ehr IL Aff. ¶ 201.

Illinois Bell's potential liability is calculated as 36 percent of annual net return from local exchange service – which is over \$180 million for 2003. Id. ¶ 203.<sup>210</sup> Moreover, both this annual threshold amount and the maximum monthly threshold amount (1/12 of the annual threshold amount) represents only a “procedural cap” – i.e., if it looks likely that the monthly cap could be reached, Illinois Bell is entitled to a hearing during which it carries the burden of demonstrating that it should not be required to pay any amount in excess of the cap. If Illinois Bell fails to carry its burden, it must make the payment. Id.

Illinois Bell's measurements, which were developed through collaboratives in which Illinois Bell, the ICC staff, and the CLECs participated, sufficiently assess Illinois Bell's wholesale performance against clearly articulated parity or benchmark standards. The applicable Business Rule and associated “ground rules” identify what process or activity is being captured and how the results are to be calculated and reported. Moreover, the measurements are subject to

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<sup>209</sup> The fifth characteristic, relating to the reasonable assurances that the reported data are accurate, is discussed fully at Part II, infra.

<sup>210</sup> Illinois Bell's 2002 net return was \$501.28 million, and 36 percent of this is \$180.461 million. The procedural annual and monthly thresholds are recalculated each year based on the prior year's net return. See Ehr IL Aff. ¶ 203 n.82.

periodic review by the ICC, interested CLECs and Illinois Bell. The parties completed the second “six-month” collaborative in January 2003, and Illinois Bell has now incorporated the changes in its tariff. Id. ¶ 206. The next “six-month” review is scheduled for August 2003. In the interim, there has been an ongoing Billing PM Collaborative to address proposals raised by CLECs specific to SBC Midwest’s billing measurements. Id. ¶¶ 207-213.

The structural elements of Illinois Bell’s performance remedy plan are reasonable and designed to detect and sanction poor service should it occur. Id. ¶ 214. It is structured like other SBC plans that this Commission has already approved, using “parity” to compare Illinois Bell’s performance in providing a particular service to CLECs against its performance with respect to its own retail operations or to its affiliate, or, where no reasonable retail or affiliate analog exists, a predetermined “benchmark” level of service for Illinois Bell’s performance in providing such services to CLECs. The other structural elements of the plan – accounting for random variation through the Z-test, the different classes of performance remedies, the escalation of remedy payments should performance worsen, etc. – are all familiar features. See id. ¶¶ 215-217.

As with SBC’s other plans, Illinois Bell’s plan requires automatic payments; Illinois Bell is required to make payments on or before the last business day of the month following the due date of the performance report. Illinois Bell must also pay interest to the CLEC for a past due liquidated damages obligation and an additional \$3,000 per day to the state fund designated by the ICC for a past due assessment payment. Id. ¶ 218. Illinois Bell may not withhold any payment of liquidated damages to a CLEC unless it has commenced a proceeding with the ICC on or before the date the payment is due. Id.

These characteristics of the Illinois Bell performance remedy plan confirm that it is a “satisfactory performance monitoring and enforcement mechanism,” providing this Commission

with “probative evidence that [Illinois Bell] will continue to meet its section 271 obligations.”

California Order ¶ 160; see also New Jersey Order ¶ 176; Michigan Order ¶¶ 393-394.

## 2. Indiana

Indiana Bell initially proposed that the IURC adopt the “Texas Remedy Plan” that this Commission had previously approved in the Texas Order. See Butler Aff. ¶ 40. However, before adopting the plan, the IURC modified it so substantially that Indiana Bell found it to be unacceptably punitive. Id.<sup>211</sup> On “appeal,” the federal district court struck down the plan, finding the IURC’s orders to be inconsistent with, and preempted by, the federal Act. It enjoined the IURC from enforcing its order approving the plan.<sup>212</sup>

Notwithstanding this litigation, Indiana Bell continued to negotiate with CLECs in an effort to reach an agreement on an acceptable remedy plan. In October 2002, Indiana Bell and Time Warner agreed to amend their interconnection agreement to include a performance remedy plan, and this amendment was approved by the IURC in January 2003. Id. ¶ 42. The amendment is available to any CLEC doing business in Indiana and provides for payments both to the individual CLEC and to the state of Indiana.

Although the IURC originally expressed concerns that the Time Warner remedy plan might not be sufficient for section 271 purposes, it has subsequently concluded that, with certain modifications, the plan “satisfactorily addresses the [IURC’s] objective of assuring that the

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<sup>211</sup> See Order, Petition of Indiana Bell Telephone Company, Incorporated d/b/a Ameritech Indiana Pursuant To I.C. 8-1-2-61 for a Three-Phase Process for Commission Review of Various Submissions of Ameritech Indiana To Show Compliance with Section 271(c) of the Telecommunications Act of 1996, Cause No. 41657 (IURC Oct. 16, 2002) (App. C-IN, Tab 41).

<sup>212</sup> Indiana Bell Tel. Co. v. Indiana Utility Regulatory Comm’n, No. 1:02-CV-1722-LJM-WTL, 2003 WL 1903363 (S.D. Ind. Mar. 11, 2003), appeal pending, No. 03-1976 (7th Cir.).

Indiana local exchange market remains open to competition for the purposes of [Indiana Bell's] Section 271 application." IURC Compliance Order, Attach. 1, at 4; see also Butler Aff. ¶ 43.

Indiana Bell incorporated the IURC's suggested modifications and, on July 11, 2003, it made the "SBC Indiana Section 271 Remedy Plan Amendment" generally available to all CLECs in Indiana. See Butler Aff. ¶ 24.

Under the plan, Indiana Bell's potential liability is calculated as 36 percent of annual net return from local exchange service – which is over \$76 million for 2003.<sup>213</sup> The SBC Indiana Section 271 Remedy Plan provides a meaningful incentive for Indiana Bell to provide wholesale services to its competitors at the levels established by the performance measures, is based on clearly articulated standards, utilizes a reasonable structure, is self-effectuating, and provides for audits and, if requested, mini-audits to ensure accuracy of data. See Ehr IN Aff. ¶¶ 176-191.

### **3. Ohio**

In approving the SBC/Ameritech merger, the PUCO required Ohio Bell to implement the Texas performance measures and remedy plan. See McKenzie Aff. ¶ 40. In its recent evaluation recommending approval of Ohio Bell's section 271 application, the PUCO stated as follows:

The PUCO finds that SBC Ohio's existing remedy plan, which is premised on the Texas Remedy Plan, is sufficient for the purposes of Section 271 approval, inasmuch as it satisfies the criteria identified above for the purpose of promoting post-271 relief checklist compliance. In reaching this determination, the PUCO references our Entry of January 30, 2003, in this proceeding, whereby we found that no further consideration of replacing the existing remedy plan should occur in the context of this case. The PUCO determined that for the purpose of its review of SBC Ohio's 271 Application, "the PUCO's charge relative to the remedy plan is limited to opining on the reasonableness of SBC Ohio's current remedy plan."

PUCO Final Report and Evaluation at 250 (internal quotation marks omitted).

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<sup>213</sup> Indiana Bell's 2002 net return was \$211.17 million, and 36 percent of this is approximately \$76 million. See Ehr IN Aff. ¶ 176 n.98.

Notwithstanding the fact that the PUCO concluded that it was not appropriate to modify Ohio Bell's current remedy plan for the purposes of section 271, it has initiated a separate proceeding to examine the existing remedy plan. See McKenzie Aff. ¶ 40.<sup>214</sup> The PUCO expects that, through this review process, it "will consider any revisions that must be implemented in order for [Ohio Bell's] remedy plan to continue to effectively satisfy the purpose for which it was intended, including addressing concerns regarding backsliding." PUCO Final Report and Evaluation at 251.

Under the plan, Ohio Bell's potential liability is calculated as 36 percent of annual net return from local exchange service – which is over \$117 million for 2003.<sup>215</sup> The Ohio Remedy Plan provides a meaningful incentive for Ohio Bell to provide wholesale services to its competitors at the levels established by the performance measures, is based on clearly articulated standards, utilizes a reasonable structure, is self-effectuating, and provides for audits and, if requested, mini-audits to ensure accuracy of data. See Ehr OH Aff. ¶¶ 185-198.

#### **4. Wisconsin**

As part of the section 271 proceeding, Wisconsin Bell proposed that the PSCW adopt the Texas remedy plan. See VanderSanden Aff. ¶ 37. The PSCW ultimately modified the Texas plan so substantially that Wisconsin Bell could no longer accept it. Id.<sup>216</sup> It sought review in

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<sup>214</sup> See Entry on Rehearing, Investigation into SBC Ohio's Entry Into In-Region InterLATA Service Under Section 271 of the Telecommunications Act of 1996, Case No. 00-942-TP-COI (PUCO Mar. 25, 2003) (App. C-OH, Tab 121).

<sup>215</sup> Ohio Bell's 2002 net return was approximately \$325.3 million, and 36 percent of this is approximately \$117.2 million. See Ehr OH Aff. ¶ 185 n.81.

<sup>216</sup> Final Decision (Phase I), Investigation into Ameritech Wisconsin Operational Support Systems, Docket No. 6720-TI-160, at 11, 23-30 (PSCW Sept. 25, 2001) (App. M, Tab 61).

Wisconsin state court, and the Circuit Court of Milwaukee County ultimately entered an order striking down the plan on the grounds that it imposed impermissible penalties.<sup>217</sup>

Notwithstanding the litigation, Wisconsin Bell continued to negotiate with CLECs in an effort to reach an agreement on remedy plan issues. These discussions continued off and on through May 2002. See VanderSanden Aff. ¶ 38. Wisconsin Bell eventually reached an agreement in the fall of 2002 with TDS and Time Warner on a compromise plan. Id. ¶ 39. The PSCW approved the interconnection agreement amendments incorporating the compromise plan in January 2003.<sup>218</sup>

In its final order supporting Wisconsin Bell's section 271 application, the PSCW indicated that it "continues to support the remedy plan as formulated in related proceedings and declines to make a determination whether SBC's Compromise Remedy Plan is sufficient for § 271 purposes under the public interest standard." PSCW Phase II Final Order at 29-30. Nevertheless, the PSCW

notes that the existence of remedy plans in interconnection agreements, the compliance and improvement plans embodied in the consent order, along with ongoing regulatory activity, will serve to prevent backsliding. Furthermore, this Commission cannot identify any other issue that would suggest SBC Wisconsin's entry into in-region, interLATA long distance market is contrary to the public interest.

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<sup>217</sup> Wisconsin Bell, Inc d/b/a Ameritech v. Public Serv. Comm'n of Wisc., Case No. 01-CV-011200, (Cir. Ct. Milwaukee Cty., July 31, 2002) (App. M, Tab 89), appeal pending, No. 02-2783 (Wisc. Ct. App.).

<sup>218</sup> Order Approving Interconnection Agreement, Application for Approval of the First Amendment to the Interconnection Agreement Between TDS Metrocom, LLC, and Wisconsin Bell, Inc. (d/b/a Ameritech Wisconsin), Docket No. 05-TI-712 (PSCW Jan. 6, 2003) (App. B-WI, Tab 12); Order Approving Interconnection Agreement, Application for Approval of the First Amendment to the Interconnection Agreement Between Time Warner Telecom of Wisconsin, LP, and Wisconsin Bell, Inc. (d/b/a Ameritech Wisconsin), Docket No. 05-TI-714 (PSCW Jan. 9, 2003) (App. B-WI, Tab 13).

Id. at 30.

Under the approved compromise plan, Wisconsin Bell's potential liability is calculated as 36 percent of annual net return from local exchange service – which is over \$71 million for 2003.<sup>219</sup> The Wisconsin remedy plan provides a meaningful incentive for Wisconsin Bell to provide wholesale services to its competitors at the levels established by the performance measures, is based on clearly articulated standards, utilizes a reasonable structure, is self-effectuating, and provides for audits and, if requested, mini-audits to ensure accuracy of data. See Ehr WI Aff. ¶¶ 180-195.

**V. SBC WILL PROVIDE INTERLATA SERVICES IN COMPLIANCE WITH THE REQUIREMENTS OF SECTION 272**

When providing authorized interLATA services in Illinois, Indiana, Ohio, and Wisconsin, each of the BOC applicants and the long-distance affiliate will operate independently of each other and conduct business on an arm's-length, nondiscriminatory basis in compliance with sections 271(d)(3)(B) and 272. Indeed, the BOC applicants are already operating in accordance with structural separation and nondiscrimination safeguards that will ensure that SBC's long-distance affiliate does not have any unfair advantage over competitors when it sells in-region, interLATA services. The Commission has already found that SBC's long-distance affiliate, SBCS, is in compliance with section 272 in California, Arkansas, Missouri, Kansas, Oklahoma, and Texas.<sup>220</sup> See California Order ¶ 145; Arkansas/Missouri Order ¶ 123; Kansas/Oklahoma

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<sup>219</sup> Wisconsin Bell's 2002 net return was approximately \$198 million, and 36 percent of this is approximately \$71 million. See Ehr WI Aff. ¶ 180 n.85.

<sup>220</sup> Until recently, SBC operated two section 272 affiliates, SBCS and Ameritech Communications, Inc. ("ACI"). ACI was established by Ameritech Corporation as a section 272 affiliate prior to the SBC/Ameritech merger. SBC has now merged ACI into SBCS, so ACI no longer exists as an independent entity. See Dominak Aff. ¶ 12 n.8 (App. A, Tab 17).



Order ¶ 257; Texas Order ¶ 396. Because SBC maintains the same structural separation and nondiscrimination safeguards in Illinois, Indiana, Ohio, and Wisconsin that this Commission approved for California, Arkansas, Kansas, Missouri, Nevada, Oklahoma, and Texas, see Yohe Aff. ¶ 6 (App. A, Tab 42); Carrisalez Aff. ¶ 5 (App. A, Tab 9), SBC also satisfies the requirements of section 272 in this Joint Application.

Separate Affiliate Requirement of Section 272(a). SBC has established SBCS as a separate affiliate to provide in-region, interLATA services in compliance with the structural separation and operational requirements of section 272. See Carrisalez Aff. ¶¶ 6-9. SBCS is a separate entity from Illinois Bell, Indiana Bell, Ohio Bell, and Wisconsin Bell, and there is no cross-ownership of stock. Id. ¶ 8; Yohe Aff. ¶ 8.

Structural and Transactional Requirements of Section 272(b). Section 272(b)(1) provides that the required separate affiliate “shall operate independently from the Bell operating company.” 47 U.S.C. § 272(b)(1). For as long as SBCS or any other affiliate is subject to section 272, it will operate in a manner that satisfies both this statutory requirement and the Commission’s implementing regulations. See Carrisalez Aff. ¶¶ 10-15; Yohe Aff. ¶¶ 9-13. SBCS and the BOC applicants do not jointly own telecommunications transmission or switching facilities, or the land and buildings on which such facilities are located, and will not jointly own such facilities while subject to this restriction under section 272. See Carrisalez Aff. ¶ 12. SBCS will not obtain operations, installation, or maintenance services from any of the BOC applicants (or any other SBC affiliate that is not operated in accordance with section 272) with respect to switching and transmission facilities SBCS owns or leases from a party other than the BOC applicants, for as long as required by section 272. See Carrisalez Aff. ¶ 14; Yohe Aff. ¶ 12. Likewise, SBCS will not provide operations, installation, or maintenance services with

respect to the BOC applicants' transmission and switching facilities, other than sophisticated equipment that the BOC applicants may purchase from SBCS in accordance with Commission rules. See Carrisalez Aff. ¶ 13; Yohe Aff. ¶¶ 12-13.

Consistent with the Commission's application of section 272(b)(2), SBCS maintains its books, records, and accounts in accordance with Generally Accepted Accounting Principles. Carrisalez Aff. ¶¶ 16-19. SBCS and the BOC applicants use different fixed-asset records and ledger systems, providing assurance that SBCS's books, accounts, and financial records are separate from the BOC applicants' books, accounts, and financial records. See Dominak Aff. ¶ 9; Carrisalez Aff. ¶ 17. A regular audit program and other internal and external controls further ensure accounting compliance. See Carrisalez Aff. ¶ 19; Dominak Aff. ¶¶ 40-46. Moreover, SBCS has separate officers, directors, and employees from the BOC applicants, as required by section 272(b)(3). See Carrisalez Aff. ¶¶ 20-24; Yohe Aff. ¶¶ 14-15.

Creditors of SBCS do not and will not have recourse to the assets of the BOC applicants. In addition, SBCS does not and will not provide creditors indirect recourse to the BOC applicants' assets through a non-section 272 affiliate in violation of section 272(b)(4). See Carrisalez Aff. ¶ 27; Yohe Aff. ¶¶ 16-17.

All transactions between the BOC applicants and SBCS have been reduced to writing and are available for public inspection as required by section 272(b)(5). See Dominak Aff. ¶¶ 10-21; Carrisalez Aff. ¶¶ 28-48. Such transactions have been and will continue to be carried out on an arm's-length basis in accordance with the Commission's applicable affiliate transaction and cost-accounting rules. See Dominak Aff. ¶¶ 10-16, 40-44. This includes pricing services provided by BOC applicants at the higher of fully distributed cost or estimated fair market value. Id. ¶¶ 38-39. SBCS provides detailed written descriptions of all assets transferred or services provided in

a transaction with the BOC applicants and posts the terms and conditions of new transactions on the Internet within 10 days. Carrisalez Aff. ¶¶ 30-48. Transactions remain posted for one year after their termination. Id. ¶ 43. Disclosures include a description of the rates, terms, and conditions of all transactions, as well as the frequency of recurring transactions and the approximate date of completed transactions. See Dominak Aff. ¶ 15; see also Carrisalez Aff. ¶¶ 32-33. For asset transfers, the quantity and, if relevant, the quality of the transferred assets are disclosed. Dominak Aff. ¶ 13. For transactions involving services, disclosure includes (where relevant) the number and type of personnel assigned to the project, any special equipment used to provide the service, and the length of time required to complete the transaction. Id. ¶¶ 15, 23-25; Carrisalez Aff. ¶ 32. For each agreement, SBC provides information on the status of the agreement, the states affected, and the pricing methodology used to determine prices under the agreement. Dominak Aff. ¶¶ 21, 23; Carrisalez Aff. ¶¶ 37-39.

Verified copies of these disclosures, including competitively sensitive billing information that is not posted on the Internet, are available for public inspection during regular business hours at SBC's offices in Washington D.C. and in the separate offices of each of the BOC applicants. See Dominak Aff. ¶ 12. Posting of the full text of all agreements on the Internet ensures that any unaffiliated entity has access to the necessary information to make an informed purchasing decision. Carrisalez Aff. ¶¶ 33-34.

Nondiscrimination Safeguards of Section 272(c). Section 272(c)(1) prohibits the BOC applicants from discriminating between SBCS and other entities. With the exception of those services subject to the joint marketing authority granted by section 272(g), the applicant telephone companies make available to unaffiliated entities any goods, services, facilities, and information that they provide or will provide to SBCS at the same rates, terms, and conditions.

Yohe Aff. ¶¶ 18-26. These may include exchange access, interconnection, collocation, UNEs, resold services, access to OSS, and administrative services. Id. ¶ 20. To the extent that the BOC applicants develop new services for or with SBCS, they will cooperate with other entities on a nondiscriminatory basis to develop such services, so long as they are required to do so under section 272. Id. ¶¶ 27-28.

The BOC applicants do not and will not, for so long as the requirement applies, discriminate between SBCS and other entities with regard to dissemination of technical information and interconnection standards related to telephone exchange and exchange access services. Id. ¶ 37. The applicant telephone companies will provide telecommunications services and network elements to SBCS using the same service parameters, interfaces and procedures, intervals, standards, and practices used to service other carriers and retail customers. Id. ¶ 20. They will not discriminate between SBCS and other carriers in the processing of presubscribed interexchange carrier change orders. Id. ¶ 34. They will not disclose any unaffiliated carrier's proprietary information without the unaffiliated carrier's consent. Id. ¶ 38.

Review Requirements of Section 272(d). Pursuant to section 272(d) and consistent with the Commission's rules, the BOC applicants will obtain and pay for a biennial, independent federal/state review. See Dominak Aff. ¶¶ 26-32; Carrisalez Aff. ¶¶ 49-51. The BOC applicants require the independent auditor to provide the federal/state joint audit team access to working papers and supporting materials relating to this audit, consistent with section 53.213(a)(1) of the Commission's rules. See Dominak Aff. ¶ 28. And, as required by section 272(d)(3), SBC and its affiliates, including SBCS and the BOC applicants, will provide the independent auditor, the Commission, and the state commissions with access to financial records and accounts necessary

to verify compliance with section 272 and the regulations promulgated thereunder, including the separate accounting requirements of section 272(b). Id. ¶ 30; Carrisalez Aff. ¶ 51.

Fulfillment of Requests Pursuant to Section 272(e). Pursuant to section 272(e)(1), the BOC applicants will fulfill, on a nondiscriminatory basis, all requests from unaffiliated entities for telephone exchange and exchange access services within the same intervals as these services are provided to SBCS. See Yohe Aff. ¶¶ 29-35. To preclude discrimination, SBCS's requests are placed and processed using the same organizations, procedures, and OSS interfaces as requests from unaffiliated carriers. Id. ¶ 30; see Second Louisiana Order ¶ 348.

The BOC applicants will comply with section 272(e)(2) by providing any facilities, services, or information concerning their provision of exchange access to SBCS only if such facilities, services, or information are made available to other authorized providers of interLATA services in their markets on the same terms and conditions. Yohe Aff. ¶¶ 36-39. In accordance with section 272(e)(3), the applicant telephone companies will charge SBCS rates for telephone exchange service and exchange access that are no less than the amount they would charge any unaffiliated interexchange carrier for such service. Id. ¶¶ 40-41. To the extent they provide (under regulatory authorization) interLATA or intraLATA facilities or services to SBCS, the BOC applicants will make such services or facilities available to all carriers at the same rates and on the same terms and conditions, in accordance with section 272(e)(4). Id. ¶¶ 42-43.

Joint Marketing Provisions of Section 272(g). As permitted by section 272(g)(2) and (g)(3), the BOC applicants may market SBCS's services during both inbound and outbound calls. In its South Carolina Order, the Commission clarified the relationship between a BOC's joint marketing rights pursuant to section 272(g)(2) and its equal access obligations under section 251(g). The Commission concluded that a BOC may market its long-distance affiliate's service


during inbound calls as long as it also “offers to read, in random order, the names and, if requested, the telephone numbers of all available interexchange carriers.” South Carolina Order ¶ 239. When SBCS is authorized to offer long-distance service in Illinois, Indiana, Ohio, and Wisconsin, it will conduct any joint marketing in a manner consistent with the Commission’s decision. See Yohe Aff. ¶¶ 44-46; Carrisalez Aff. ¶ 54. Moreover, to the extent SBCS avails itself of planning, design, and development activities provided by the BOC applicants that are not themselves joint marketing, it will obtain assurance that those services are available to other entities on a nondiscriminatory basis pursuant to section 272(c)(1). Carrisalez Aff. ¶ 59.

Training and Internal Control Mechanisms. To ensure strict adherence to the requirements of section 272 by all employees, the BOC applicants and SBCS have put in place extensive training programs, including live sessions, audio conferences, and written materials. Yohe Aff. ¶¶ 47-54 (describing SBC’s and the BOC applicants’ compliance and training activities); Carrisalez Aff., Attach. G (SBCS compliance training policy). SBC distributes a section 272 compliance booklet to employees whose responsibilities require familiarity with section 272’s requirements. See Yohe Aff., Attach. E (Employee Compliance Guide). The BOC applicants have a centralized Affiliate Oversight Group that is responsible for ensuring compliance with applicable state and federal accounting safeguards and has established intra-corporate reporting and review requirements to assist in accomplishing that function. See Dominak Aff. ¶¶ 34-37.

## CONCLUSION

The Joint Application should be granted.

Respectfully Submitted,

  
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*Counsel for Wisconsin Bell Inc.*

July 17, 2003





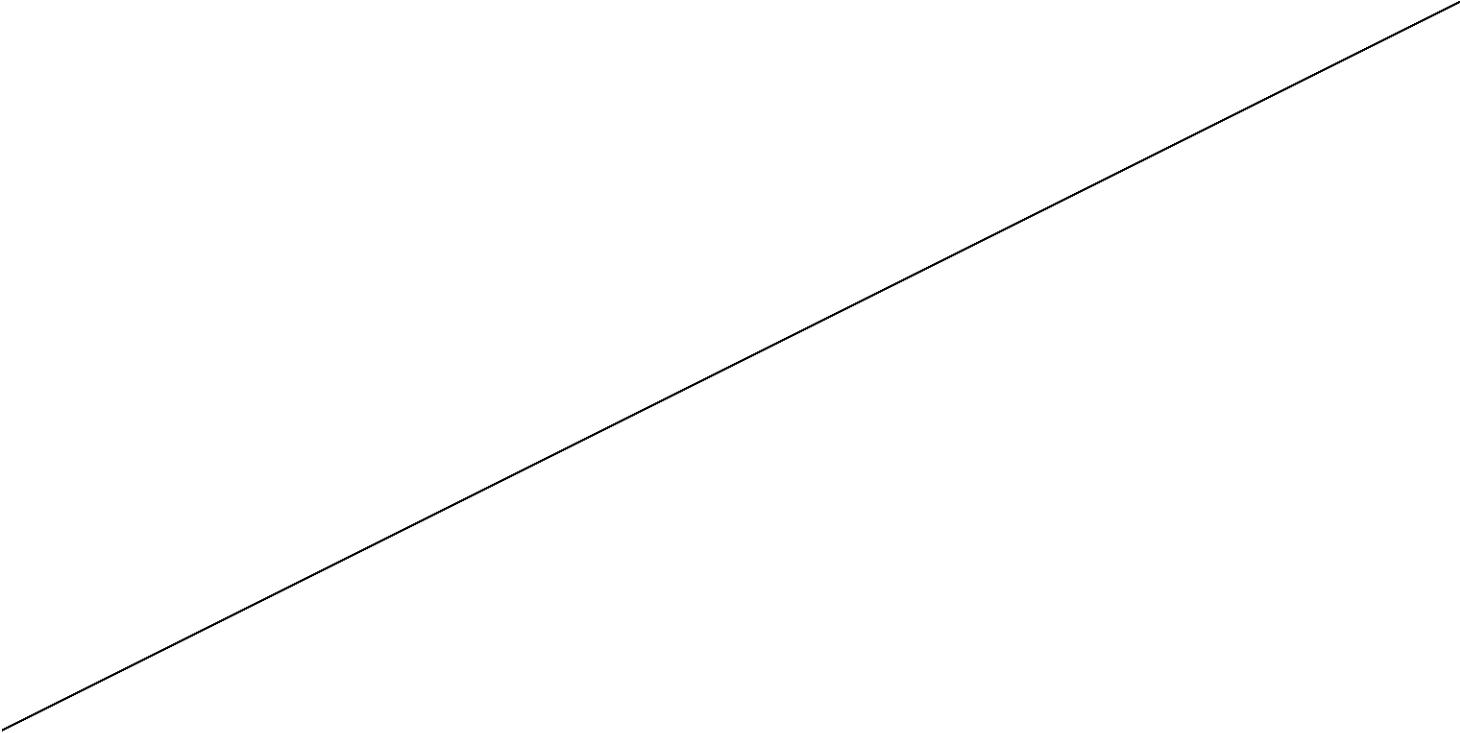
## **REQUIRED STATEMENTS**

Pursuant to the Commission's Public Notice, Updated Filing Requirements for Bell Operating Company Applications Under Section 271 of the Communications Act, DA 01-734 (FCC rel. Mar. 23, 2001), SBC states as follows:

- (a) pages vi-xiii of this Brief contain a table of contents to the Application;
- (b) the Executive Summary of this Brief (pages i-v) contains a concise summary of the substantive arguments presented;
- (c) pages 14-19 of this Brief contain statements identifying how SBC meets the requirements of section 271(c)(1); the table of contents of Appendix B identifies the agreements on which SBC relies in this application; Attachment 3 to this Brief describes the status of federal-court challenges to the agreements pursuant to 47 U.S.C. § 252(e)(6);
- (d) pages 3-12 of this Brief contain a statement summarizing the status and findings of the Illinois Corporation Commission, Indiana Utilities Regulatory Commission, Public Utility Commission of Ohio, and Public Services Commission of Wisconsin proceedings examining SBC's compliance with section 271;
- (e) this Brief contains the legal and factual arguments outlining how the three requirements of section 271(d)(3) have been met, and is supported as necessary with selected excerpts from the supporting documentation (with appropriate citations): pages 31-122 address the requirements of section 271(d)(3)(A); pages 137-144 address the requirements of section 271(d)(3)(B); and 122-137 address the requirements of section 271(d)(3)(C);
- (f) Attachment 4 (separately bound) contains a list of all appendices (including affidavits) and the location of and subjects covered by each of those appendices;
- (g) inquiries relating to access (subject to the terms of any applicable protective order) to any confidential information submitted by SBC in this joint application should be addressed to:

Kevin Walker  
Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C.  
1615 M Street, N.W., Suite 400  
Washington, D.C. 20036-3209  
Telephone: (202) 367-7820

- (h) Anti-Drug Abuse Act certifications as required by 47 C.F.R. § 1.2002 and certifications signed by officers or duly authorized employees certifying that all information supplied in this joint application is true and accurate to the best of their information and belief are included as Attachment 2 to this Brief;
- (i) Application materials and any subsequent submissions can be found at [http://www.sbc.com/public\\_affairs/competition\\_and\\_long\\_distance/long\\_distance\\_by\\_state/0,,55,00.html](http://www.sbc.com/public_affairs/competition_and_long_distance/long_distance_by_state/0,,55,00.html). This website is also identified on pages 14, footnote 31 of this Brief.



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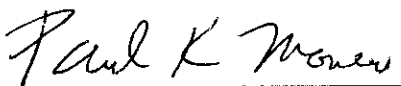
**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Joint Application by SBC Communications Inc.,	)	
Illinois Bell Telephone Company, Indiana Bell	)	
Telephone Company Incorporated, The Ohio Bell	)	WC Docket No. 03- _____
Telephone Company, Wisconsin Bell, Inc.,	)	
and Southwestern Bell Communications Services,	)	
Inc. for Provision of In-Region, IntraLATA	)	
Services in Illinois, Indiana, Ohio, and Wisconsin	)	

**DECLARATION AND VERIFICATION OF PAUL K. MANCINI  
AND ANTI-DRUG ABUSE ACT OF 1988 CERTIFICATION  
OF SBC COMMUNICATIONS INC.**

1. I am Senior Vice President and Assistant General Counsel of SBC Telecommunications, Inc. I am authorized to make this declaration on behalf of SBC Communications, Inc. ("SBC").
2. I have reviewed the foregoing Joint Application by SBC Communications Inc., Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, The Ohio Bell Telephone Company, Wisconsin Bell, Inc., and Southwestern Bell Communications Services, Inc. for Provision of In-Region, IntraLATA Services in Illinois, Indiana, Ohio, and Wisconsin, and the materials filed in support thereof ("Application").
3. The information contained in the Application has been provided by persons with knowledge thereof. All information supplied in the Application is true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.
4. I further certify that SBC is not subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.
5. I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 15, 2003.

  
\_\_\_\_\_  
Paul K. Mancini

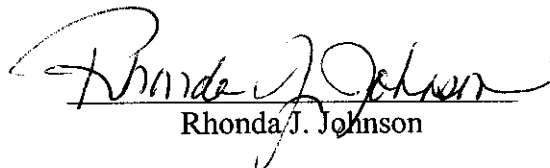
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Telephone Company, Wisconsin Bell, Inc.,	)	
and Southwestern Bell Communications Services,	)	
Inc. for Provision of In-Region, IntraLATA	)	
Services in Illinois, Indiana, Ohio, and Wisconsin	)	

**DECLARATION AND VERIFICATION OF RHONDA J. JOHNSON  
AND ANTI-DRUG ABUSE ACT OF 1988 CERTIFICATION  
OF SBC COMMUNICATIONS INC.**

1. I am the Vice President-Regulatory Affairs for Illinois Bell Telephone Company ("Illinois Bell"). I am authorized to make this declaration on behalf of Illinois Bell.
2. I have reviewed the foregoing Joint Application by SBC Communications Inc., Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, The Ohio Bell Telephone Company, Wisconsin Bell, Inc., and Southwestern Bell Communications Services, Inc. for Provision of In-Region, IntraLATA Services in Illinois, Indiana, Ohio, and Wisconsin, and the materials filed in support thereof ("Application").
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5. I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 15, 2003.

  
Rhonda J. Johnson

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Joint Application by SBC Communications Inc.,	)	
Illinois Bell Telephone Company, Indiana Bell	)	
Telephone Company Incorporated, The Ohio Bell	)	WC Docket No. 03- _____
Telephone Company, Wisconsin Bell, Inc.,	)	
and Southwestern Bell Communications Services,	)	
Inc. for Provision of In-Region, IntraLATA	)	
Services in Illinois, Indiana, Ohio, and Wisconsin	)	

**DECLARATION AND VERIFICATION OF JOLYNN B. BUTLER  
AND ANTI-DRUG ABUSE ACT OF 1988 CERTIFICATION  
OF SBC COMMUNICATIONS INC.**

1. I am Vice President - Regulatory for Indiana Bell Telephone Company ("Indiana Bell"). I am authorized to make this declaration on behalf of Indiana Bell.

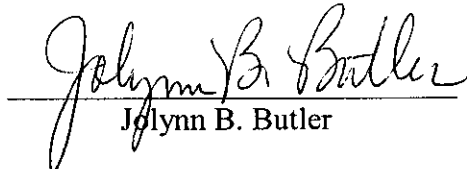
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4. I further certify that SBC is not subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.

5. I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 15, 2003.

  
\_\_\_\_\_  
Jolynn B. Butler

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
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Joint Application by SBC Communications Inc.,	)	
Illinois Bell Telephone Company, Indiana Bell	)	
Telephone Company Incorporated, The Ohio Bell	)	WC Docket No. 03- _____
Telephone Company, Wisconsin Bell, Inc.,	)	
and Southwestern Bell Communications Services,	)	
Inc. for Provision of In-Region, IntraLATA	)	
Services in Illinois, Indiana, Ohio, and Wisconsin	)	

**DECLARATION AND VERIFICATION OF DANIEL R. McKENZIE  
AND ANTI-DRUG ABUSE ACT OF 1988 CERTIFICATION  
OF SBC COMMUNICATIONS INC.**

1. I am Senior Director - Regulatory/Local Competition, 271 and Wholesale Products for The Ohio Bell Telephone Company ("Ohio Bell"). I am authorized to make this declaration on behalf of Ohio Bell.

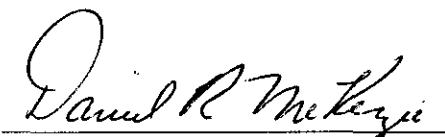
2. I have reviewed the foregoing Joint Application by SBC Communications Inc., Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, The Ohio Bell Telephone Company, Wisconsin Bell, Inc., and Southwestern Bell Communications Services, Inc. for Provision of In-Region, IntraLATA Services in Illinois, Indiana, Ohio, and Wisconsin, and the materials filed in support thereof ("Application").

3. The information contained in the Application has been provided by persons with knowledge thereof. All information supplied in the Application is true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

4. I further certify that SBC is not subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.

5. I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 15, 2003.

  
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Daniel R. McKenzie

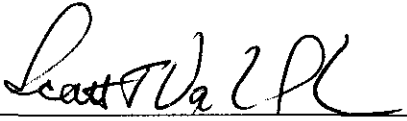
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Telephone Company Incorporated, The Ohio Bell ) WC Docket No. 03- \_\_\_\_  
Telephone Company, Wisconsin Bell, Inc., )  
and Southwestern Bell Communications Services, )  
Inc. for Provision of In-Region, IntraLATA )  
Services in Illinois, Indiana, Ohio, and Wisconsin )

**DECLARATION AND VERIFICATION OF SCOTT T. VANDERSANDEN  
AND ANTI-DRUG ABUSE ACT OF 1988 CERTIFICATION  
OF SBC COMMUNICATIONS INC.**

1. I am Vice President-Regulatory Affairs for Wisconsin Bell, Inc. ("Wisconsin Bell"). I am authorized to make this declaration on behalf of Wisconsin Bell.
2. I have reviewed the foregoing Joint Application by SBC Communications Inc., Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, The Ohio Bell Telephone Company, Wisconsin Bell, Inc., and Southwestern Bell Communications Services, Inc. for Provision of In-Region, IntraLATA Services in Illinois, Indiana, Ohio, and Wisconsin, and the materials filed in support thereof ("Application").
3. The information contained in the Application has been provided by persons with knowledge thereof. All information supplied in the Application is true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.
4. I further certify that SBC is not subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.
5. I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 15, 2003.

  
\_\_\_\_\_  
Scott T. VanderSanden



**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

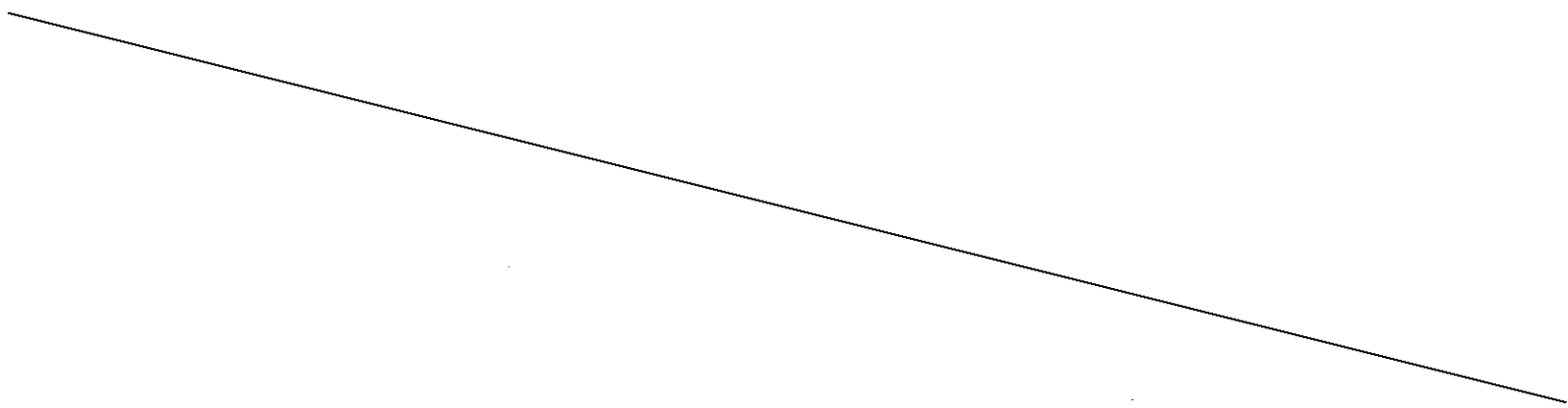
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Telephone Company, Wisconsin Bell, Inc., )  
and Southwestern Bell Communications Services, )  
Inc. for Provision of In-Region, IntraLATA )  
Services in Illinois, Indiana, Ohio, and Wisconsin )

**DECLARATION AND VERIFICATION OF JOE CARRISALEZ  
AND ANTI-DRUG ABUSE ACT OF 1988 CERTIFICATION  
OF SBC COMMUNICATIONS INC.**

1. I am Executive Director – Regulatory of Southwestern Bell Communications Services, Inc. (“SBCS”). I am authorized to make this declaration on behalf of SBCS.
2. I have reviewed the foregoing Joint Application by SBC Communications Inc., Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, The Ohio Bell Telephone Company, Wisconsin Bell, Inc., and Southwestern Bell Communications Services, Inc. for Provision of In-Region, IntraLATA Services in Illinois, Indiana, Ohio, and Wisconsin, and the materials filed in support thereof (“Application”).
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5. I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 11, 2003.

  
Joe Carrisalez



**FEDERAL COURT CHALLENGES UNDER 47 U.S.C. § 252(e)(6)**

**A. Illinois**

The following case represents the only ongoing litigation under 47 U.S.C. § 252(e)(6) that relates to interconnection agreements and/or Statements of Generally Available Terms and Conditions approved by the Illinois Commerce Commission:<sup>1</sup>

MCIMetro Access Transmission Services, Inc. v. Illinois Commerce Commission and Illinois Bell Telephone Company, Case No. 99 C 7999 (N.D. Ill.); ICC Docket No. 99-0379.

**B. Indiana**

The following cases represent the only ongoing litigation under 47 U.S.C. § 252(e)(6) that relates to interconnection agreements and/or Statements of Generally Available Terms and Conditions approved by the Indiana Utility Regulatory Commission:

Indiana Bell Telephone Company, Inc. d/b/a Ameritech Indiana, Ameritech Advanced Data Services of Indiana Inc., d/b/a SBC Advanced Solutions, Inc. v. Midwest Telecom of America Inc. and IURC, Cause No. IP02-0606-C-M/S (S.D. Ind.); IURC Cause No. 41268-21-RD-01.

Indiana Bell Telephone Company, Inc. d/b/a Ameritech Indiana v. IURC and Acme Communications, Inc., G.P. and Grande Communications Networks, Inc., Cause No. IP 02-553-C-Y/S (S.D. Ind.); IURC Docket Nos. 41268-98 and 41268-92.

Indiana Bell Telephone Company, Incorporated, d/b/a Ameritech Indiana v. IURC and AT&T Communications of Indiana GP and TCG Indianapolis, Cause No. IP97-0662-C-M/S (S.D. Ind.); IURC Cause No. 40571-INT-01.

Indiana Bell Telephone Company, Incorporated, d/b/a Ameritech Indiana v. IURC and AT&T Communications of Indiana GP and TCG Indianapolis, Consolidated Case Nos. 03-1123, 03-1122, 03-1124 (7th Cir.); Cause No. IP01-1690-C-M/S (7th Cir.); IURC Cause No. 40571-INT-03.

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<sup>1</sup> The following four cases, although not challenges under section 252(e)(6), are pending challenges to generic ICC orders: See Illinois Bell Telephone Company v. Wright, Case No. 02-CV-6002 (N.D. Ill.), ICC Docket No. 01-0614; Illinois Bell Telephone Company v. Wright, Case No. 00-C-7050 (N.D. Ill.), ICC Docket No. 99-0593; Illinois Bell Telephone Company v. Wright, Case No. 02-C-4121 (N.D. Ill.), ICC Docket No. 00-0393; Illinois Bell Telephone Company v. Wright, Case No. 02-C-6700 (N.D. Ill.), ICC Docket No. 00-0700.

Indiana Bell Telephone Company, Incorporated, d/b/a Ameritech Indiana v. Time Warner Communications of Indiana, L.P., Cause No. IP 99-0134-C-M/S (S.D. Ind.); IURC Cause No. 41097.

Indiana Bell Telephone Company Incorporated d/b/a Ameritech Indiana v. IURC and McLeodUSA Telecommunications Services, Inc., Cause No. IP01-0627-C-M/S (S.D. Ind.); IURC Cause No. 41570-(currently on remand to the IURC).

### **C. Ohio**

The following cases represent the only ongoing litigation under 47 U.S.C. § 252(e)(6) that relates to interconnection agreements and/or Statements of Generally Available Terms and Conditions approved by the Public Utility Commission of Ohio:

Ameritech Ohio v. ICG Telecom Group and MCI Worldcom, Inc., et.al., Case No. 03-03-3525 (6th Cir.); 97-721 (S.D. Ohio); PUCO Case No. 96-888.

Ameritech Ohio v. ICG Telecom Group and MCI Worldcom, Inc., et.al., Case No. 03-3430 (6th Cir.); 99-552 (S.D. Ohio); PUCO Case Nos. 97-1723, 97-1557, 98-308.

AT&T Communications of Ohio, Inc. et. al. v. Ameritech Ohio, Case No. C2-03-472 (S.D. Ohio); PUCO Case No. 00-1188.

### **D. Wisconsin**

There are no cases representing ongoing litigation under 47 U.S.C. § 252(e)(6) that relate to interconnection agreements and/or Statements of Generally Available Terms and Conditions approved by the Public Service Commission of Wisconsin.<sup>2</sup>

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<sup>2</sup> There are two cases that were filed in state court at the same time as federal cases were filed under 252(e)(6). See Wisconsin Bell, Inc. v. Public Service Commission of Wisconsin, Case No. 03 CV 408, Circuit Court of Dane County; PSCW Docket Nos. 5837-TD-100 & 15-TD-102 (consolidated with Wisconsin Bell, Inc. v. Public Service Commission of Wisconsin, Case No. 98 CV 1539, Circuit Court of Dane County); PSCW Docket Nos. 5837-TD-100 & 6720-TI-100). These cases were stayed pending resolution of the federal actions. However, the federal actions were dismissed as a result of Mathias v. WorldCom Techs., Inc., 535 U.S. 682 (2002). After the federal cases were dismissed, the stays on the state cases were lifted, and these two cases were subsequently consolidated in Dane County Circuit Court.